

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 CIAE-00 PM-05 H-01 INR-10
L-03 NSAE-00 PA-01 SP-02 SS-15 AID-05 COME-00
EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 CEA-01 STR-07 NSCE-00 SSO-00 USIE-00
INRE-00 /095 W
-----030909 171923Z /45

O R 171730Z MAR 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 1396
INFO AMCONSUL FLORENCE
AMEMBASSY BONN
DIA
AMCONSUL GENOA
AMEMBASSY LONDON
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMEMBASSY PARIS
SHAPEUSNR
AMEMBASSY TOKYO
AMEMBASSY VIENNA
USCINCEUR VAIHINGEN GERMANY
US DOCOSOUTH
USMISSION USNATO

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USDOCOSOUTH FOR INTAF

SHAPEUSNR FOR POLAD

E.O. 11652: N/A
TAGS: PINT, IT, PFOR
SUBJECT: CONFIRMATION OF NEW ANDREOTTI GOVERNMENT
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1. SUMMARY: THE NEW ANDREOTTI GOVERNMENT RECEIVED
A VOTE OF CONFIDENCE IN BOTH THE CHAMBER AND THE SENATE
ON THE EVENING OF MARCH 16TH. THE CONFIDENCE MOTION WAS
SIGNED BY ALL FIVE PARTIES OF THE NEW "PROGRAMMATIC-
PARLIAMENTARY MAJORITY" (DC, PSI, PSDI, PRI AND PCI).
IN ADDITION TO THOSE FIVE PARTIES, THE INDEPENDENTS

ELECTED ON THE PCI TICKET AND THE DN VOTED IN FAVOR OF THE GOVERNMENT. PDUP, PR, PLI, AND MSI VOTED AGAINST. THE SVP ABSTAINED. TO SAVE TIME, ANDREOTTI PRESENTED A TRUNCATED VERSION OF HIS GOVERNMENT'S PROGRAM. END SUMMARY.

2. THE NEWS OF ALDO MORO'S KIDNAPPING CASE TWO HOURS BEFORE ANDREOTTI WAS SCHEDULED TO PRESENT HIS NEW GOVERNMENT AND PROGRAM TO THE PARLIAMENT. THE ORIGINAL SCHEDULE WOULD HAVE HAD THREE DAYS OF DEBATE IN EACH HOUSE WITH A VOTE OF CONFIDENCE IN THE CHAMBER ON MARCH 18 AND IN THE SENATE ON MARCH 23 OR 24. ON RECEIPT OF THE NEWS ABOUT MORO, ANDREOTTI CONSULTED THE LEADERS OF THE VARIOUS PARTIES, PARTICULARLY THOSE SUPPORTING HIS GOVERNMENT, AND OBTAINED QUICK AGREEMENT TO A SHORTENED DEBATE AND A VOTE OF CONFIDENCE BEFORE THE END OF THE DAY OF MARCH 16 IN ORDER TO GIVE THE GOVERNMENT FULL POWERS TO DEAL WITH THE SITUATION CREATED BY MORO'S KIDNAPPING.

3. ANDREOTTI DID PRESENT A GENERALIZED OUTLINE OF THE GOVERNMENT'S PROGRAM (SEE BELOW), BUT MOST OF THE "DEBATE" WAS TAKEN UP WITH COMMENTS ON THE MORO KIDNAPPING (SEE SEPTTEL). THE PARLIAMENTARY MEETINGS TOOK PLACE IN AN ATMOSPHERE OF GREAT TENSION WHICH OCCASIONALLY EXPLODED IN ANGRY, RECIPROCALLY LIMITED OFFICIAL USE

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ACCUSATORY SHOUTING MATCHES, PARTICULARLY BETWEEN THE PCI, MSI, AND PR. NONE OF THE FEARED CHRISTIAN DEMOCRATIC VOTES AGAINST THE GOVERNMENT MATERIALIZED ALTHOUGH THERE WERE A VERY FEW ABSENCES FROM THE HALL AT VOTING TIME.

4. THE ECONOMIC PROGRAM: ONLY THE BAREST OUTLINE OF THE NEW GOVERNMENT'S ECONOMIC PROGRAM WAS PRESENTED. ANDREOTTI STATED HOWEVER THAT THERE WOULD BE "OCCASION TO DEBATE AT LENGTH THE COURSES AGREED UPON DURING THE NEGOTIATIONS WITH THE POLITICAL FORCES" WHEN THE 1978 BUDGET IS DEBATED IN THE SENATE AND CHAMBER DURING MARCH AND APRIL. THE PROBLEMS TO BE RESOLVED ARE THE ECONOMICALLY DEPRESSED SOUTH AND UNEMPLOYMENT. THE ECONOMIC GOALS OF THE NEW GOVERNMENT ARE TO REACH 4.5 PERCENT REAL GROWTH IN GDP BY THE END OF THE YEAR AND HOLD INFLATION DOWN TO A 13 PERCENT INCREASE COMPARED TO 1977. TO ACHIEVE THESE GOALS, THE NEW GOVERNMENT WOULD AIM TO HOLD THE ENLARGED PUBLIC SECTOR DEFICIT TO 24,000 BILLION LIRE, PERMITTING 16,000 BILLION LIRE OF CREDIT TO FLOW TO THE PRIVATE SECTOR. ANDREOTTI ELABORATED THAT THE

DEFICIT WOULD IN FACT BE REDUCED TO 20,000 BILLION
THUS PERMITTING THE GOVERNMENT TO DIRECT 4,000 BILLION
TOWARDS PRODUCTIVE INVESTMENTS.

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5. ANDREOTTI APPEALED TO THE LABOR FORCES TO
RESPOND TO THE NEEDS OF THE COUNTRY AND WELCOMED
THE NEW ATTITUDES RECENTLY EXPRESSED BY THEM.
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HE CLAIMED THAT SALARY INCREASES IN 1978 SHOULD ONLY SLIGHTLY EXCEED MAINTENANCE OF PURCHASING POWER WHICH IS PROVIDED THROUGH THE AUTOMATIC WAGE ESCALATOR, EXCEPT FOR THE LOWEST LEVEL SALARIES FOR PURPOSES OF EQUALIZATION. HE MILDLY THREATENED THAT IF WAGE INCREASES WERE NOT HELD DOWN GOVERNMENT WOULD PERFORCE HAVE TO HOLD BACK ON PLANNED SPENDING FOR INVESTMENT WITH THE CONSEQUENT LOSS OF NEW EMPLOYMENT, OR AN UNACCEPTABLE ACCELERATION IN INFLATION.

6. THE THRUST OF THE GOVERNMENT'S ECONOMIC ACTIONS IN 1978 WAS SUMMED UP IN FOUR POINTS: (A) SPECIFIC ACTIONS IN THE SOUTH AND FOR UNEMPLOYED YOUTHS; (B) REFORM OF PUBLIC FINANCE ; (C) RESTRUCTURING PRODUCTIVE ACTIVITY; AND (D) AN ACTIVE LABOR POLICY. THE NEW GOVERNMENT INTENDS TO INCREASE THE CAPITAL CONTRIBUTION TO THE FUND FOR THE SOUTH AND TO PRESENT TO PARLIAMENT MODIFICATIONS TO THE YOUTH EMPLOYMENT LAW WHICH WOULD ENCOURAGE SMALL BUSINESSES TO PARTICIPATE IN THE PROGRAM. AN AVERAGE REDUCTION OF 5 PERCENT IN EXPENDITURES OF THE ENLARGED PUBLIC SECTOR IS PLANNED WHICH WILL INCLUDE MODIFICATION OF THE HEALTH AND PENSION SYSTEMS. SPECIFIC PLANS WILL BE LAID OUT FOR ASSISTING INDUSTRIES IN DIFFICULTY BOTH IN THE PRIVATE AND PUBLIC SECTORS, AND A THREE-YEAR PROGRAM WILL BE PREPARED ON LABOR POLICY, MAINTAINING "INTENSE CONTACTS" WITH THE LABOR UNIONS AND EMPLOYERS DURING ITS DEVELOPMENT.

7. PUBLIC ORDER: ANDREOTTI URGED RAPID ACTION ON THE NUMEROUS DRAFT LAWS PENDING BEFORE PARLIAMENT, ESPECIALLY THOSE AIMED AT REFORMS IN THE JUDICIAL

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SYSTEM. HE PROMISED EARLY PRESENTATION OF A DRAFT LAW FOR THE REORGANIZATION OF THE POLICE FORCES. HE ALSO SAID THAT THE POLICE FORCES WILL BE GIVEN THE RIGHT TO FORM A "CATEGORY ASSOCIATION," BUT MADE IT CLEAR THAT HIS ASSOCIATION CANNOT BE AFFILIATED WITH ANY UNION PER SE, AND THAT THE POLICE FORCES WILL NOT HAVE THE RIGHT TO STRIKE.

8. REFERENDA: THE GOVERNMENT HAS PREPARED THREE DRAFT-BILLS TO PRESENT TO THE PARLIAMENT FOR APPROVAL. THEY WILL REPLACE THE REALE LAW, THE LAW ON COMPUL-

SORY PHYCHIATRIC TREATMENTS, AND THE LAW ON THE
PARLIAMENT ENQUIRY COMMITTEE. IF PASSED, REFERENDA
ON THESE ISSUES WILL PROBABLY BE AVOIDED.

9. FOREIGN AFFAIRS: IN HIS ADDRESS TO THE TWO
HOUSES, ANDREOTTI REFERRED TO THE SIX PARTY FOREIGN
POLICY DOCUMENTS VOTED BY THE TWO HOUSES LAST FALL
AND STATED THATT HIS GOVERNMENT WOULD BE GUIDED BY
THEM. (77 ROME 19859). FOREIGN POLICY FIGURED
ONLY INCIDENTALLY IN THE DEBATE WHEN PLI SECRETARY
ZANONE REFERRED TO THE ABOVE STATEMENT BY ANDREOTTI
BUT POINTED OUT THAT,IN FACT, THERE EXIST WIDE
DIVERGENCIES IN THE FOREIGN POLICY ATTITUDES OF THE
FIVE PARTIES WHICH MAKE UP THE GOVERNING COALITION.

10. COMMENT: THERE IS NOT ENOUGH FLESH ON THIS
SKELETON PROGRAM TO PERMIT A JUDGMENT ON ITS ADEQUACY,
ESPECIALLY IN THE ECONOMIC FIELD. THE GOALS ARE THE
SAME AS APPEARED IN ANDREOTTI'S NEGOTIATING DOCUMENT
AND SOME OF THE SPECIFICS THAT APPEARED IN THAT DRAFT
HAVE NOT YET REAPPEARED. THE MOST ENCOURAGING ELE-
MENTS IN THIS SKELETAL PRESENTATION ARE THE MILD THREAT
TO LABOR OF CURTAILING PROGRAMS THEY SEEK IF WAGE
INCREASES ARE NOT HELD UNDER TIGHT CHECK, AND THE
FIRM DECISION AGAINST UNIONIZATION OF THE POLICE.GARDNER
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Message Attributes

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